

PUBLIC NOTICE

Proposed Substantial Amendment to the FY 2005 – FY 2009 Consolidated Plan for the State of Louisiana

The Division of Administration, Office of Community Development, proposes to amend the section in the FY 2005 – FY 2009 Consolidated Plan for the State of Louisiana entitled FY 2005 Annual Action Plan and the chapter entitled Action Plan: One Year Use of Funds – Community Development Block Grant Program. The purpose of the amendment is to establish a new funding category, the Louisiana Bridge Loan Program.

The following sentence is being added to the second paragraph of Part II. A. Application Process: “Applications for Bridge Loan Program funds will be accepted within the time frames established by the Louisiana Department of Economic Development.”

A new paragraph is added to Part II.B. Eligible Applicants: “Eligible applicants for Bridge Loan funds are small firms with an established Tax Identification Number, established in the following Louisiana parishes (for not less than one year prior to Hurricanes Katrina or Rita) that sustained physical damage, displacement, or business interruption due to either or both hurricanes: Acadia, Allen, Ascension, Assumption, Beauregard, Calcasieu, Cameron, DeSoto, East Baton Rouge, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Natchitoches, Orleans, Plaquemines, Rapides, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Vernon, Washington, and West Baton Rouge.”

The last sentence in Part II.C. Eligible Activities is revised to include “and Louisiana Bridge Loan projects.”

The first two sentences in Part II. D. Types of Grants are revised to include “and Louisiana Bridge Loan programs.”

The following paragraph will be added to Part II. E. Distribution of Funds: “A float loan program (the Louisiana Bridge Loan Program) is established for small firms impacted by Hurricanes Katrina and Rita. Up to \$30 million in undisbursed FY 2004 and 2005 LCDBG funds in the State’s line of credit will be utilized for this purpose; these funds are obligated for FY 2004 and FY 2005 activities but are not immediately needed by the grantees. As supplemental funds become available for disaster recovery activities, they will supplant the \$30 million in line of credit funds.” Figure 9 is also revised to reflect the new funding category.

The following statement will be added to Part II. F. Size of Grants: “The minimum loan under the Louisiana Bridge Loan Program will be \$5,000 and the proposed maximum loan will be \$100,000.”

Part II. G. Restrictions on Applying for Grants is being revised to state that “The threshold requirements do not apply to applicants for Louisiana Bridge Loan Program funds.”

Part III. C. 7. Louisiana Bridge Loan Program has been added which reads: “The Louisiana Bridge Loan Program will utilize \$30 million in undisbursed funds in the CDBG line of credit that are obligated for FY 2004 and FY 2005 activities but which are not needed immediately. Those funds will be used to provide loans to small firms in the hurricane affected areas of the State (refer to Part II.B.). The loans will be used for working capital and capital expenditures. A guarantee will be provided by cooperative endeavors between the Division of Administration, the Louisiana Department of Economic Development, and twenty-one banks. The participating banks will provide loans using guarantees through a loan committee process which will be established by each bank. The banks will administer the loans which are covered by the personal liability of the small business owner. The length of the loan is six months to a year and is interest free if repaid by a borrower who returns the business to the affected area. In cases of a default by the small firm’s owner, the bank will pursue payment through a collection process. If payments cannot be collected through the collection process, the guarantee will become effective.

The bank will verify and document that each applicant meets all eligibility criteria which includes:

- (a) Small firms with an established Tax Identification Number that meet the criteria identified in Part II. B.
- (b) Minimum number of employees – two.
- (c) Maximum size of business – one hundred employees.
- (d) The need for the loan and the use of proceeds must be directly related to the impact of or mandatory evacuation due to one or both of the storms.
- (e) The business must signify by written statement its intent to establish its temporary or reestablish its permanent location of operations in Louisiana.
- (f) Loans will be made to individuals, or groups of individuals, who own at least fifty-one percent of the business or the equivalent thereof for a non-profit. Only one such loan will be permitted per individual, per group of individuals, and/or per business.”

A statement will be added to Part III. D. Submission Requirements which reads “Applicants for Louisiana Bridge Loan Program funds will use the forms and instructions provided in the designated application package.”

A copy of the Consolidated Plan for FY 2005 – FY 2009, including the FY 2005 Annual Action Plan, and this notice are available on the Internet at www.doa.louisiana.gov/cdbg/cdbg.htm.

The Louisiana Recovery Authority has endorsed the creation of the Louisiana Bridge Loan Program as being of critical importance for the State’s economic recovery.

Written comments on the proposed amendment may be submitted beginning January 27, 2006, and will be accepted until February 6, 2006. Comments may be mailed to the Office of Community Development, Post Office Box 94095, Baton Rouge, Louisiana 70804-9095 or sent via facsimile to 225-342-1947.